

# CRS Report for Congress

## FY2008 Supplemental Appropriations for Global War on Terror Military Operations, International Affairs, and Other Purposes

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# FY2008 Supplemental Appropriations for Global War on Terror Military Operations, International Affairs, and Other Purposes

## Summary

The Administration has requested a total of \$196.5 billion in emergency supplemental appropriations for FY2008, of which \$189.3 billion is for military operations in Iraq, Afghanistan, and elsewhere, \$6.9 billion is for international affairs, and \$325 million is for other programs. To date, Congress has appropriated \$16.8 billion requested for Mine Resistant Ambush Protected (MRAP) vehicles, but the remainder has been caught up in debate over Iraq policy.

For the present, at least, action on FY2008 supplemental funding appears to be at an impasse. On November 14, the House approved a bill, H.R. 4156, that would appropriate \$50 billion for U.S. military operations in Iraq, Afghanistan, and elsewhere in FY2008. Most of the money in the bill is for military service operation and maintenance accounts, including enough to sustain Army and Marine Corps activities until at least next April even with no slowdown in the pace of funding obligations. The bill also includes, however, provisions requiring the withdrawal of troops from Iraq, which has prompted the White House to threaten a veto.

On November 16, by a vote of 53-45, with 60 votes required, the Senate failed to close debate on a motion to consider the bill. The Senate also rejected cloture on a motion to consider a substitute by Senator McConnell, S. 2340, to provide \$70 billion for military operations without withdrawal language. The Senate may resume debate on bill a when it returns in December, but its prospects remain uncertain.

In the absence of supplemental appropriations, officials have warned that the Army and, shortly thereafter, the Marine Corps, will have to shut down most operations very soon. Currently, the services are carrying on both peacetime activities and war-related operations with funds provided in the regular FY2008 Defense Appropriations Act (H.R. 3222, P.L. 110-116). Administration officials complain, however, that money will soon run out. On November 15, Secretary of Defense Gates said that “the military would cease operations at Army military bases by Mid-February next year.” This would result, he said, in furloughs of as many as 100,000 civilian personnel and a similar number of private contractors. The Defense Department would begin, he said, to implement the layoffs in December. Some senior legislators, however, have denied that such steps are needed so soon.

This CRS report tracks congressional action on legislation to provide FY2008 supplemental appropriations for military operations, international affairs, and related purposes. It also reviews the availability of funds to carry on Army and Marine Corps operations in advance of supplemental appropriations. The Defense Department could potentially tap several sources of funds to extend Army and Marine Corps operations, including transfers of funds from other accounts and the use of cash balances in working capital funds. It could also defer some obligations of funds. And it could invoke the Feed and Forage Act to permit the obligation of funds in advance of appropriations. Ultimately, however, without additional appropriations, money will run out. This report will be updated regularly.

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# FY2008 Global War on Terrorism Appropriations

## Most Recent Developments

On November 14, by a vote of 218-203, the House approved a bill, H.R. 4156, that would appropriate \$50 billion for U.S. military operations in Iraq, Afghanistan, and elsewhere in FY2008. The bill provides enough money in Army and Marine Corps operating accounts to sustain the planned pace of military operations in Iraq and elsewhere through April 2008 even without steps to slow down the rate of funding obligations. The bill also requires the President to commence the withdrawal of U.S. forces from Iraq within 30 days of enactment of the legislation and to provide within 60 days a plan for withdrawing most troops from Iraq by December 15, 2008; limits the mission of remaining U.S. forces in Iraq to force protection, training, and pursuit of international terrorists; prohibits deployment of units that are not fully trained and equipped; and extends prohibitions on torture to all U.S. government agencies.

On November 16, by a vote of 53-45, with 60 votes required, the Senate refused to close debate on a motion to proceed to consideration of H.R. 4156 as passed by the House. The Senate also rejected, by a vote of 45-53, a motion to proceed to consideration of H.R. 2340, a substitute offered by Senator McConnell, to provide \$70 billion for the Defense Department without requiring withdrawal from Iraq. The Senate may renew debate over Iraq funding when it resumes floor action in December.

Meanwhile, in a November 15 press Pentagon press conference, Secretary of Defense Robert Gates warned that the Army and Marine Corps will have to begin implementing steps to limit operations unless Congress approves additional funding soon.<sup>1</sup> Without additional money, he said, the Army, will have to cease operations at all Army bases by mid-February 2008, which would require furloughs of about 100,000 government employees and a like number of contractor personnel. Plans would have to begin to be implemented in mid-December, he said. On November 20, the Defense Department announced that it was transferring \$4.5 billion of funds to the Army and to the Joint IED Defeat Organization to extend their operations. The Army, DOD said, will still only be able to operate with available funds, including the transfer, until mid-February.

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<sup>1</sup> Department of Defense, "DoD News Briefing with Secretary of Defense Gates and Chairman of the Joint Chiefs of Staff Adm. Mullen from the Pentagon Briefing Room, Arlington, Va.," November 15, 2007 at [<http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4089>].

Earlier, on November 8, the House and Senate approved a conference agreement on the FY2008 defense appropriations bill, H.R. 3222.<sup>2</sup> The President signed the bill into law, P.L. 110-116, on November 13. The bill provides \$460 billion for baseline Defense Department activities in FY2008 and an additional \$11.6 billion for Mine Resistant Ambush Protected (MRAP) vehicles. Except for the MRAP money, however, the bill does not include funding to cover additional costs associated with ongoing military operations in Iraq, Afghanistan, and elsewhere. Congress also provided \$5.2 billion for MRAPs in the first FY2008 continuing resolution (H.J.Res. 52, P.L. 110-92), that the President signed on September 29. The FY2008 Defense Appropriations Act also provides \$27.4 billion for Army Operation and Maintenance. A key question is how long this amount will finance both peacetime and war-related Army operations.

On October 22, the White House sent Congress an amendment to the FY2008 budget requesting an additional \$45.9 billion for military operations, economic and reconstruction assistance, embassy security, and other activities mainly related to ongoing conflicts in Iraq, Afghanistan, and elsewhere. The request included \$42.3 billion for the Department of Defense for military operations and \$3.6 billion for international affairs programs.<sup>3</sup> These requests are in addition to amounts that the Administration requested for similar purposes in its original FY2008 budget, submitted in February 2007. In all, the Administration has requested \$196.5 billion in supplemental appropriations for FY2008, including \$189.3 billion for the Defense Department for overseas military operations and related activities, \$6.9 for international affairs programs, and \$325 million for counter-terrorism activities of some other agencies.

## Prospects for Future Action

If the Senate and House do not approve – or if the President refuses to sign – either a “bridge fund” providing short-term funding or a longer-term supplemental appropriations bill in December, it is not clear either when or through what legislative vehicle Congress will reconsider these requests. On October 2, Representative David Obey, the Chairman of the House Appropriations Committee, announced at a press conference that he did not intend to bring up “in this session of Congress” any measure to provide funds for military operations in Iraq “that simply serves to preserve the *status quo*.” This would presumably delay any additional congressional consideration of war-related funding until January or later. Even in

<sup>2</sup> See CRS Report RL33999, *Defense: FY2008 Authorization and Appropriations*, by Pat Towell, Stephen Daggett, and Amy Belasco.

<sup>3</sup> For the overall request see White House Office of Management and Budget, “FY 2008 Emergency Budget Amendments: Operation Iraqi Freedom, Operation Enduring Freedom, and Selected Other International Activities,” October 22, 2007, on line at [[http://www.whitehouse.gov/omb/budget/amendments/amendment\\_10\\_22\\_07.pdf](http://www.whitehouse.gov/omb/budget/amendments/amendment_10_22_07.pdf)]. For an overview of the defense request, see Department of Defense, *FY2008 Global War on Terror Amendment*, October 2007, on line at [[http://www.defenselink.mil/comptroller/defbudget/fy2008/Supplemental/FY2008\\_October\\_Global\\_War\\_On\\_Terror\\_Request.pdf](http://www.defenselink.mil/comptroller/defbudget/fy2008/Supplemental/FY2008_October_Global_War_On_Terror_Request.pdf)].

January, however, the central issue will remain – how and whether Congress can use its power of the purse to affect U.S. policy in Iraq.

In the mean time, with Congress refusing to approve a spending bill that provides money for overseas military operations without setting conditions on Iraq policy, and with the President refusing to sign a measure that requires the withdrawal of forces, funding for military operations eventually will run out. The issue now on the agenda is how soon this will happen, with the Defense Department warning that it will have to begin sending out layoff notices to 100,000 civilians in December, and with 100,000 contractors also facing furloughs. Senior Members of Congress have complained that the dire warnings are politically motivated. The following section reviews at some length what the Defense Department and congressional critics have said, what the numbers show, what alternatives there might be to extend military operations, though with their potential downsides, and, finally, how to put the debate into the context of the broader, constitutional battle over war powers that may now be approaching a showdown.

## **How Long Can DOD Finance War Costs in Advance of a Supplemental?<sup>4</sup>**

FY2008 supplemental appropriations have now become the arena in which the ongoing battle over Iraq policy, both within Congress and between Congress and the Administration, is being fought out. The House-passed, \$50 billion bridge fund, H.R. 4156, would allow the Army and Marine Corps to continue operating at the currently planned pace well into the Spring (see the following Section, “Highlights of the FY2008 Bridge Fund, H.R. 4156” for a further discussion). But because H.R. 4156 includes provisions requiring the President to begin withdrawing troops from Iraq, it did not receive the 60 votes needed to close debate in the Senate, and the President has threatened a veto. With progress on a short-term funding bill apparently at an impasse, and the congressional leadership apparently disinclined to take up anything more, the key issue has become how long the Defense Department, and in particular the Army and Marine Corps, can operate without additional appropriations.

### **“Cash Flowing” as a Means of Financing War Costs**

In the absence of supplemental appropriations – either in the form of a temporary bridge fund or a full-year supplemental – the Defense Department may use funds provided in the regular FY2008 Defense Appropriations Act (H.R. 3222, P.L. 110-116) to finance war costs as well as day-to-day peacetime activities for which the funds were requested. This is permissible because Congress appropriates funds for DOD’s regular budget and for war-related activities into the same accounts. Funding for Army Operation and Maintenance, for example, can be used to fix trucks either

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<sup>4</sup> For a full discussion, see CRS Report, “How Long Can the Defense Department Finance FY2008 Operations in Advance of Supplemental Appropriations,” by Amy Belasco, Stephen Daggett, and Pat Towell.

in Kuwait or in Kansas. Moreover, in the absence of other funds, the Defense Department can take money intended for use at the end of the fiscal year to finance operations earlier in the year. The process of shifting funds intended for later in the year to cover current costs is known as “cash flowing,” and it has been a common way for the Defense Department to finance ongoing military operations while waiting for later approval of supplemental appropriations. Lately, the term “cash flowing” has been used to refer to the allocation of other sources of funds, including transfers, to carry on operations in advance of appropriations.

Before the Iraq war, however, the cost of overseas contingency operations – in Bosnia or Kosovo, for example – was a relatively small share of funding in DOD operating accounts. Now, war-related costs far exceed the budget for peacetime operations. The FY2008 Defense Appropriations Act provides \$27.4 billion in the base budget for Army O&M, for example (see below). The amended FY2008 supplemental request is for \$54.9 billion, twice as much. Cash flowing has, in turn, become increasingly problematic, particularly from the point of view of the military services, which, for the most part, simply want an assured and adequate source of funds.<sup>5</sup>

## **How Long Regular FY2008 Defense Appropriations Will Last**

At a press conference on November 15, Secretary of Defense Gates warned that the Army would run out of money by the beginning of February, and the Marine Corps some time in March, and he announced measures to limit spending beginning almost immediately. “The least undesirable” option, he said, would be to “cease operations at all Army bases by mid-February next year.” This would result, he said, in furloughs of 100,000 civilian and another 100,000 contractor personnel. Because some layoffs require 60 days advance notice, he said, the Pentagon would have to begin sending notifications to personnel in December.<sup>6</sup>

In the same press conference, Secretary Gates also said that the Defense Department would take steps to extend Army and Marine Corps funding by

<sup>5</sup> The military services have consistently been wary of cash flowing as a means of sustaining operations. Disputes over the use of cash flowing for the Iraq war began as early as January, 2004. The Administration decided not to request FY2005 supplemental appropriations until after the start of calendar year 2005. When senior service leaders expressed concern about that decision in congressional hearings, DOD Comptroller Dov Zakheim called a press conference to defend the practice. See Department of Defense, “Defense Department Special Briefing: Purpose Of Budget Supplements,” February 11, 2004, available on line at [<http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=2062>]. Subsequently Congress initiated the process of providing part-of-the year bridge funding when it added \$25 billion in unrequested funds for war related expenses to the FY2005 Defense Appropriations Act. Later, Congress provided an unrequested bridge fund of \$50 billion in FY2006. The Administration only began to request appropriations for a bridge fund in the FY2007 budget.

<sup>6</sup> Department of Defense, “DoD News Briefing with Secretary of Defense Gates and Chairman of the Joint Chiefs of Staff Adm. Mullen from the Pentagon Briefing Room, Arlington, Va.,” November 15, 2007 at [<http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4089>].

“reprogramming” or “transferring” funds.<sup>7</sup> On November 20, the Defense Department announced that it was requesting approval from the congressional defense committees to transfer \$4.5 billion of funds from other accounts to the Army and to the Joint IED Defeat Organization, which, officials said, would extend operations for only two or three weeks.<sup>8</sup>

CRS calculations of the length of time the Army and Marine Corps can continue to operate without additional funding are in line with Defense Department estimates. At issue is how long money in Army and Marine Corps Operation and Maintenance (O&M) accounts will last at projected obligation rates. The O&M accounts finance a broad range of activities, including recruitment, training, transportation, clothing, subsistence, fuel, facility operation and repair, and equipment maintenance. Funding for Army and Marine Corps O&M is needed to sustain both peacetime activities and war-related operations.

For the first few months of the fiscal year, the Army appears to be planning obligations of about \$6.6 billion per month and the Marine Corps of about \$800 million.<sup>9</sup> The FY2008 Defense Appropriations Act, P.L. 110-116, provides \$27.4 billion in O&M for the Army and \$4.8 billion for the Marine Corps. At planned monthly obligation rates, therefore, the Army can operate with baseline

<sup>7</sup> In general a “transfer” of funds is a shift of money from one appropriations account to another. Because appropriations laws provide specific amounts for each account, a shift of funds is permissible only to the extent Congress allows a transfer in statutory language. As part of each appropriations bill, Congress usually specifies that a limited amount may be transferred, subject to certain conditions. Section 2005 of the FY2008 Defense Appropriations Act permits DOD to transfer up to \$3.7 billion between accounts. This is referred to as “General Transfer Authority” or “GTA.” In most agencies the term “reprogramming” refers to shifts of funds within accounts, rather than a “transfer” between accounts. The Defense Department, however, uses the term “reprogramming” to refer to all shifts of funds, including those that involve a transfer between accounts. All transfers, along with reprogramming actions over certain threshold amounts, are also subject to advance approval by the four congressional defense committees.

<sup>8</sup> Department of Defense, “Reprogramming Action – Prior Approval,” Serial No. FY 08-02 PA, November 20, 2007. The proposal decreases Navy and Air Force personnel accounts by \$1.85 billion each, for a total of \$3.7 billion, decreases cash balances in the Army Working Capital Fund by \$800 million, increases Army Operation and Maintenance funding by \$4,055.6 million, and increases the Joint Improvised Explosive Device Defeat Fund by \$444.4 million.

<sup>9</sup> The Army budget reflects average funding of about \$6.9 billion in O&M per month through all of FY2008 to cover both peacetime and war-related operation, and the Marine Corps budget an average of about \$790 million per month. A rough way of estimating monthly funding is to add the amount appropriated in the regular defense appropriations bill to the amount requested for supplemental war-related activities, which equals the annual total for O&M, and then to divide by twelve, which produces monthly average O&M funding for each service. For Army O&M the calculation is \$27.4 billion (FY2008 regular appropriations) + \$54.9 billion (amended FY2008 supplemental request) = \$82.3 billion (total annual O&M budget)  $\div$  12 = \$6.9 billion (average monthly Army O&M funding). For the Marine Corps, the calculation is \$4.8 billion (FY2008 regular appropriations) + \$4.7 billion (amended FY2008 supplemental request) = \$9.5 billion (total annual O&M budget)  $\div$  12 = \$0.8 billion (average monthly Marine Corps O&M funding).

appropriations for about four months of the fiscal year (which began on October 1, 2007) or until the beginning of February, and the Marine Corps can operate for about six months, or until the end of March, consistent with Defense Department estimates.

## **Alternatives for Extending Operations Longer**

In the absence of a bridge fund, the Defense Department may be able to extend Army and Marine Corps operations beyond February or March, either by adding money from other sources to O&M accounts or by slowing the pace at which the services are obligating funds. Barring extensive use of the Feed and Forage Act or an unprecedented use of provisions of standing law that may allow other services to pay for Army and Marine Corps operations (see below for a discussion) options appear limited, and the services will be able to extend operations for an additional month or two.

In the Army's official view, all of these kinds of budget maneuvers are detrimental. In a presentation at the Brookings Institution on December 4, Army Chief of Staff George Casey complained about any kind of budgetary gamesmanship:

In general, as Chief of Staff of the Army, not having predictable, timely funding makes it harder for me to do my job: to organize, train and equip the Army. Every time you put something off or delay it or take some measures to get another week's worth of funding for the operations and maintenance account, it has second and third order effects that ricochet all through the organization, that you don't find the results for two or three months, and it just makes it harder.

The second thing is I think what's going on right now sends a terrible signal to soldiers and families. We have nine brigades that are redeploying from Iraq and Afghanistan right now after being gone for 15 months. They started in September. They'll come in through January. The notion that people are even discussing closing down or warm-basing their installations just minimum essential tasks at a time when they're coming home from being gone for 15 months is very difficult for them.<sup>10</sup>

Alternatives for extending Army and Marine Corps operations include –

- **Transfer limited additional amounts that may be available from cash balances in Working Capital Funds.** The Defense Department already plans, subject to approval from the congressional defense committees, to transfer \$3.7 billion of funds from Force and Navy personnel accounts, and \$800 million of excess cash balances in working capital funds to the Army (\$4.1

<sup>10</sup> General George William Casey, Jr., Chief of Staff of the Army, "Maintaining Quality in the Force: a Briefing by General George W. Casey, Jr.," Brookings Institution Transcript, December 4, 2007, p. 33, on line at [[http://www.brookings.edu/~/media/Files/events/2007/1204\\_casey/20071204casey.pdf](http://www.brookings.edu/~/media/Files/events/2007/1204_casey/20071204casey.pdf)].

billion) and to the Joint IED Defeat Organization (\$444.4 million). Excess cash balances remaining in working capital funds might be as high as \$2 billion. Tapping these funds, however, would, at least temporarily, reduce what flexibility the Defense Department still has to respond to unexpected developments.

- **Slow the pace of Army and Marine Corps obligations of funds, in part by using means the Army considered in April 2007 and in part by delaying depot maintenance funding.** The Army projected that measures it planned to slow down operations last April might, at the upper limit, avoid \$3.6 billion or so of obligations over three months. Some of these measures, however, may disrupt day-to-day Army operations. Deferring new orders for depot maintenance might reduce planned obligations by \$400 million or so per month, or about \$1.6 billion over four months. CRS cannot, however, assess how this would affect depot work planning.
- **Invoke the Feed and Forage Act, which permits obligations of funds in advance of appropriations, and for which there are extensive precedents in the past 40 years.** In FY1968, during the Vietnam war, the Feed and Forage was used to finance \$7.4 billion of war-related operations in FY2008 prices. Use of a similar amount today would finance Army and Marine Corps operations for about another month. Operations might be sustained longer if larger amounts were used. The potential use of substantial amounts to carry on combat operations, however, particularly if Congress has denied or refused to act on funding for a war, may be of concern to Congress because of its implications for congressional war powers.
- **Consider using standing authorities, for which there do not appear to be precedents, to limit Army and Marine Corps costs, such as that in 10 USC 165 to assign support operations to other services.** Under 10 USC 165 (c), the Secretary of Defense can assign other military services to administration and budget for support costs for Army and Marine Corps units operating as part of a combatant command (in Iraq and Afghanistan, the Central Command). CRS is not aware of any precedents for using this authority to shift costs. It might conceivably be used to reduce Army operating costs, though at the expense of drawing on Air Force and Navy operation and maintenance accounts. Moreover, such a step would appear to undermine congressional controls on the use of funds.

Taken together, options to transfer additional amounts of cash balances and to slow Army operations might temporarily reduce or offset Army and Marine Corps funding requirements by as much as \$2 billion (use remaining excess cash balances in working capital funds) + \$3.6 billion (slow operations) + \$1.6 billion (defer new depot maintenance orders) = \$7.2 billion, or about one month's worth of funding at current obligation rates.

A potentially more significant source of funds may be to invoke the Feed and Forage Act. In the past, it has been used to finance as much as \$7.4 billion of war-related operations in today's prices. That amount would finance Army and Marine Corps operations for about another month. Operations might be sustained longer if larger amounts were used. There may be some problems negotiating contracts, however. And use of the Feed and Forage Act raises significant war powers issues. For Congress to recommend use of the Feed and Forage Act appears particularly ironic – it is, in a sense, to write the script for the Executive Branch to evade legislative restrictions on the use of funds to carry on the war in Iraq.

The potential for DOD to use unprecedeted measures, such as the flexibility given to the Secretary of Defense to reassign responsibility for support activities to other services, is particularly hard to assess. It might be difficult to administer, or it might involve only paper changes that could be implemented quickly. It would appear, however, to undermine congressional controls on the use of funds.

## **Putting the Funding Issue into Perspective**

There are a number of means by which the Defense Department could stretch out funding for the Army and Marine Corps – for a month or two by slowing operations and by using remaining, limited financial flexibility, but potentially much longer by invoking the Feed and Forage Act. Ultimately, however, money for military operations will run out – and the fact that it will do so is precisely the source of leverage over policy that the power of the purse gives to the Congress.

The larger issue, therefore, is a political one. Will the public support Congress if it is determined not to provide funding that simply allows the President to carry on his current policy in Iraq? Or will the public side with the President because a funding cutoff is such a blunt instrument? It is inherently a messy way of determining policy, with unavoidably disruptive effects on day-to-day operations of the military services and with significant burdens placed on military personnel, on their dependents, on civilian Defense Department employees, and on military contractors.

It is important to note, at the same time, that a funding cutoff need not endanger deployed forces. The Defense Department retains the ability to allocate funding in a manner that gives the highest priority to force protection, though funding restrictions may also lead to some changes in operations that commanders would otherwise not choose. The Feed and Forage Act remains, as the Defense Department has acknowledged, a potentially useful last resort for ensuring force protection.

In the end, the immediate issue appears to be whether the Senate will agree to some measure with restrictions on Iraq policy such as those in H.R. 4156, whether, if passed, the President will veto it, whether Congress can override a veto, and whether the House, then, will agree to a measure that the President will agree to sign. As passed by the House, H.R. 4156 includes enough money to continue Army and Marine Corps operations at an unreduced pace for about four months – or into April of next year. The following section of this report discusses H.R. 4156.

## Highlights of the FY2008 Defense “Bridge Fund,” H.R. 4156

On November 14, the House approved H.R. 4156, a bill providing \$50 billion in FY2008 supplemental appropriations for military operations abroad and requiring a change in the mission of U.S. military forces in Iraq and the withdrawal of most U.S. troops. **Table 1** shows the amounts provided in the bill compared to the total requested for the year in the Administration’s amended request. In all, the bill would provide about 1/4 of the amount the Administration has requested for the Defense Department. Most of the money in the bill, however, \$37.5 billion, is for operation and maintenance, of which most, \$27.5 billion, is for the Army. The Army O&M total is 50% of the \$54.9 billion that the Administration requested. The bill also provides 52% of the O&M funding requested for the Marine Corps.

**Table 1: House FY2008 Defense “Bridge Fund,” H.R. 4156,  
by Account\***

(amounts in millions of dollars)

	Amended Request	House Bridge Fund	Percent of Request
<b>Military Personnel</b>	<b>17,839.5</b>	<b>1,003.4</b>	<b>5.6%</b>
Army	12,317.6	713.7	5.8%
Navy	791.7	95.6	12.1%
Marine Corps	1,790.0	56.1	3.1%
Air Force	1,415.9	138.0	9.7%
Army Reserve	299.2	--	--
Navy Reserve	70.0	--	--
Marine Corps Reserve	15.4	--	--
Air Force Reserve	3.0	--	--
Army National Guard	1,136.7	--	--
<b>Operation and Maintenance</b>	<b>84,310.4</b>	<b>37,399.2</b>	<b>44.4%</b>
Army	54,933.4	27,429.5	49.9%
Navy	6,252.7	2,071.6	33.1%
Marine Corps	4,674.7	2,429.3	52.0%
Air Force	10,809.7	3,582.6	33.1%
Defense-Wide	6,402.8	1,330.5	20.8%
Inspector General	4.4	--	--
Army Reserve	196.7	61.2	31.1%
Navy Reserve	83.4	47.5	56.9%
Marine Corps Reserve	68.2	26.2	38.4%
Air Force Reserve	24.3	8.1	33.3%
Army National Guard	757.0	378.4	50.0%
Air National Guard	103.3	34.4	33.3%
<b>Drug Interdiction &amp; Counter-Drug Activities</b>	<b>257.6</b>	--	--
<b>Afghanistan Security Forces Fund</b>	<b>2,700.0</b>	<b>500.0</b>	<b>18.5%</b>
<b>Iraq Security Forces Fund</b>	<b>3,000.0</b>	<b>500.0</b>	<b>16.7%</b>
<b>Iraq Freedom Fund</b>	<b>207.5</b>	<b>3,168.0</b>	<b>1526.7%</b>

<b>Joint IED Defeat Fund</b>	<b>4,269.0</b>	<b>1,638.5</b>	<b>38.4%</b>
<b>Procurement</b>	<b>67,321.4</b>	<b>5,141.8</b>	<b>7.6%</b>
<b>Army</b>			
Aircraft	2,125.5	302.2	14.2%
Missile	641.8	--	--
Weapons & Tracked Combat Vehicles	7,289.7	1,574.2	21.6%
Ammunition	513.6	154.0	30.0%
Other Procurement Army	34,931.6	1,976.1	5.7%
<b>Navy</b>			
Aircraft	3,908.5	25.3	0.6%
Missile	318.3	--	--
Ammunition Navy & Marine Corps	609.9	--	--
Other Procurement Navy	1,870.6	88.3	4.7%
<b>Marine Corps</b>	<b>5,519.7</b>	<b>729.2</b>	<b>13.2%</b>
<b>Air Force</b>			
Aircraft	3,946.2	147.8	3.7%
Missile	1.8	--	--
Ammunition	104.4	--	--
Other Procurement Air Force	4,621.7	42.1	0.9%
<b>Defense-Wide</b>	<b>768.2</b>	<b>102.6</b>	<b>13.4%</b>
<b>Rapid Acquisition Fund</b>	<b>150.0</b>	<b>--</b>	<b>--</b>
<b>Defense Health Program</b>	<b>1,137.4</b>	<b>649.0</b>	<b>57.1%</b>
<b>Research, Development, Test, &amp; Evaluation</b>	<b>3,872.2</b>	<b>--</b>	<b>--</b>
<b>Military Construction</b>	<b>2,426.8</b>	<b>--</b>	<b>--</b>
<b>Family Housing</b>	<b>11.8</b>	<b>--</b>	<b>--</b>
<b>Revolving &amp; Management Funds</b>	<b>1,962.8</b>	<b>--</b>	<b>--</b>
<b>Grand Total in Bill</b>	<b>189,316.4</b>	<b>50,000.0</b>	<b>26.4%</b>

**Source:** Request from Department of Defense, *Fiscal Year (FY) 2008 Amendment Global War on Terror Request: Exhibits for FY2008*, October 2007. Bridge fund amounts by CRS from text of H.R. 4156 as passed by the House.

**Note:** This table does not reflect appropriations of \$16.8 billion for MRAP procurement and transportation that were provided in P.L. 110-92, the first continuing resolution, and P.L. 110-116, the FY2008 defense appropriations act and second continuing resolution.

Congress also provided \$27.4 billion for Army O&M in the regular FY2008 defense appropriations bill, H.R. 3222, P.L. 110-116 (\$28.9 billion was requested). So, if Congress were to approve the bridge fund as proposed, the Army would have \$27.4 billion in regular appropriations plus \$27.5 billion in supplemental funding for a total of \$54.9 billion for operations during the fiscal year. Presumably, this should be enough to last for at least eight months of FY2008, or until the end of April, 2008.

H.R. 4156 also permits the Defense Department to transfer up to \$4 billion of the money provided in the act between accounts, subject to standard conditions on transfers of funds. If used in part or in whole to add to Army O&M funding, this could further extend the amount of time the Army could carry on operations in Iraq and elsewhere without additional supplemental appropriations.

On Iraq and related policy matters, H.R. 4156 contains the following provisions:

- States the sense of Congress that the war in Iraq should end as quickly and safely as possible and troops brought home;
- Extends prohibitions on the use of torture by Defense Department personnel to other government agencies;
- Prohibits the use of funds in the bill to deploy any unit abroad unless the President certifies 15 days in advance that the unit is “fully mission capable;”
- Requires the President within 30 days to begin an immediate and orderly redeployment of U.S. forces from Iraq;
- States that the withdrawal from Iraq should be accompanied by a comprehensive strategy to work with neighbors and the international community to bring stability to Iraq;
- Sets December 15, 2008, as a goal for completing the transition of U.S. armed forces to a limited presence, though the date is not a firm deadline;
- Restricts missions after the transition to protecting U.S. facilities, armed forces, and civilians; providing limited training and related assistance to Iraqi security forces; and engaging in targeted counter-terrorism operations against al Qaeda and other terrorist organizations in Iraq;
- Requires quarterly reports beginning February 1, 2008, on plans to achieve the transition of the U.S. mission in Iraq;
- Says that congressional consideration of additional funding shall not begin until the first quarterly report on the transition of U.S. forces is submitted;
- Requires by February 15, 2008, a comprehensive regional stability plan for the Middle East;
- Requires additional quarterly reports, beginning on January 15, 2008 and continuing through the remainder of the fiscal year, that would establish performance measures for military and political stability in Iraq and specify a timetable for achieving the goals.

House passage of the H.R. 4156, however, constitutes just one more round in an ongoing battle between Congress and the Administration over Iraq policy and over funding for military operations. On November 16, the Senate did not agree to close debate on a motion to consider the bill, which would have required 60 votes – though neither did a “no-strings-attached” \$70 billion substitute by Senator

McConnell. The White House has already said that it would veto any bill that with similar limits troop deployments in Iraq.

## **Overview of FY2008 Supplemental Defense, International Affairs, and Other Funding Requests**

Taken together, the Administration has requested a total of \$196.5 billion in “additional” or “supplemental” appropriations for military operations, international affairs, and other activities in FY2008. Most of the money was requested in the Administration’s original budget for FY2008, submitted in February 2007. The request included \$141.7 billion for military operations abroad, \$3.3 billion in emergency funds for international affairs programs, and \$325 million in emergency funding for other agencies, including the Department of Energy for counter-proliferation programs, the Coast Guard, and the Department of Justice.

Subsequently, on July 31, the White House sent Congress a budget amendment requesting \$5.3 billion for Mine Resistant Ambush Protected (MRAP) vehicle procurement and deployment. And on October 22, the White House sent Congress a budget amendment requesting an additional \$45.9 billion in FY2008 for military operations abroad and for a variety of international affairs programs. In all, the Administration has now asked for a total of \$189.3 billion in FY2008 for military operations, \$6.9 billion in supplemental funding for a variety of international affairs programs, and \$325 million for other agencies. **Table 2** provides a summary of supplemental requests in February, July, and October.

**Table 2. Initial and Amended FY2008 Supplemental Defense, International Affairs and Other Funding Requests\***  
(amounts in millions of dollars)

	Initial February Request	July MRAP Amendment	October Amendment	Total Request
<b>Department of Defense (Including Other Agency Intelligence Amounts)</b>				
Military Personnel	17,070.3	--	700.5	17,770.8
Operation and Maintenance	71,415.3	748.0	8,729.5	80,892.8
Procurement	32,880.3	4,562.0	26,598.5	64,040.8
Research and Development	1,957.3	30.0	603.3	2,590.6
Military Construction	907.9	--	955.6	1,863.5
Iraq Freedom Fund/Joint IED Defeat	4,108.0	--	369.0	4,477.0
Defense Health Program	1,023.8	--	--	1,023.8
Iraq and Afghan Security Forces	4,700.0	--	1,000.0	5,700.0
Working Capital Fund	1,681.4	--	--	1,681.4
<b>Subtotal Department of Defense</b>	<b>135,744.3</b>	<b>5,340.0</b>	<b>38,956.4</b>	<b>180,040.7</b>
Non-DoD Classified & Additional Funds	5,920.6	--	3,355.0	9,275.6
<b>Total Defense-Related</b>	<b>141,664.9</b>	<b>5,340.0</b>	<b>42,311.4</b>	<b>189,316.3</b>
<b>International Affairs</b>				
<b>Department of Agriculture</b>				
P.L. 480 Food Aid	--	--	350.0	350.0

<b>Department of State and International Affairs</b>				
Diplomatic and Consular Programs	1,881.6	--	401.4	2,283.0
Embassy Security, Construction, & Maintenance	--	--	160.0	160.0
Contributions to International Organizations	53.0	--	--	53.0
Contributions for International Peacekeeping	--	--	723.6	723.6
Migration and Refugee Assistance	35.0	--	195.0	230.0
International Narcotics Control & Law Enforcement [details in brackets are non-additive]	159.0		575.0	734.0
[Iraq Criminal Justice Programs]	[159.0]	--	--	[159.0]
[Mexico Counternarcotics and Law Enforcement]	--	--	[500.0]	[500.0]
[Central America Counternarcotics and Law Enforcement]	--	--	[50.0]	[50.0]
[Palestinian Authority Security Capabilities]	--	--	[25.0]	[25.0]
Economic Support Fund [details in brackets are non-additive]	1,111.0		1,106.0	2,217.0
[Iraq Reconstruction]	[772.0]	--	--	[772.0]
[Afghanistan Reconstruction]	[339.0]	--	[495.0]	[834.0]
[Iraq Private Sector Assistance]	--	--	[25.0]	[25.0]
[Pakistan Tribal Areas Plan]	--	--	[60.0]	[60.0]
[North Korea Assistance]	--	--	[106.0]	[106.0]
[Palestinian Authority]	--	--	[350.0]	[350.0]
[Sudan Elections]	--	--	[70.0]	[70.0]
Nonproliferation, Anti-Terrorism, Demining, and Related Programs	--	--	5.0	5.0
International Disaster and Famine Assistance	--	--	80.0	80.0
AID Operating Expenses, Security	61.8	--	--	61.8
<b>Total, International Affairs</b>	<b>3,301.4</b>	--	<b>3,596.0</b>	<b>6,897.4</b>
<b>Other Agencies</b>				
<b>Department of Energy</b>				
Defense Nuclear Nonproliferation	63.0	--	--	63.0
<b>Department of Homeland Security</b>				
Coast Guard Operating Expenses	120.0	--	--	120.0
<b>Department of Justice</b>				
Iraq and Afghanistan Training and Investigations	4.1	--	--	4.1
Afghanistan Marshall Training and Assistance	14.9	--	--	14.9
FBI Counterterrorism Intelligence & Training	101.1	--	--	101.1
DEA Operation Breakthrough & Other	8.5	--	--	8.5
Bureau of Alcohol, Tobacco, Firearms, and Explosives Iraq Operations	4.0	--	--	4.0
Federal Prison System Counterterrorism	9.1	--	--	9.1
<b>Total, Other Agencies</b>	<b>324.7</b>	--	--	<b>324.7</b>
<b>Grand Total, All Requests</b>	<b>145,291.0</b>	<b>5,340.0</b>	<b>45,907.4</b>	<b>196,538.4</b>

**Sources:** February request from Office of Management and Budget, *Budget of the U.S. Government: Appendix*, February 2007, pp. 1141-1178. Amendments from Office of Management and Budget, "FY2007 and FY2008 Supplements, Amendments, and Releases," at [<http://www.whitehouse.gov/omb/budget/amendments.htm>].

**\*Note:** Amounts shown in brackets "[...]" are non-additive details of total amounts shown for each account.

**Emergency Spending Designation.** The Administration has requested all of these funds, including the amounts in the February budget and in the subsequent July and October budget amendments, with legislative language that would designate

the amounts as “emergency” spending.<sup>11</sup> The intention is to exempt the funds from caps on spending in the FY2008 congressional budget resolution. Section 204 of the resolution, S.Con.Res. 21, provides that amounts designated as necessary to meet emergency requirements “shall not be counted” against caps on discretionary spending act in the House and shall not be subject to points of order for exceeding spending limits in the Senate.

Technically, however, the terms “emergency” or “emergency appropriations” may not apply to all of the money Congress may ultimately provide, particularly for ongoing war-related expenses. While S.Con.Res. 21 exempts emergency amounts from caps on spending, it also includes a restrictive definition of emergency spending that might permit a point of order to be raised in the Senate against a measure that designates funds for ongoing activities, including the war, as an emergency.<sup>12</sup> Instead, the budget resolution permits limits on overall funding to be adjusted by up to \$124.2 billion for “overseas deployments and related activities.” That designation, rather than “emergency” appropriations, may be invoked to permit some of the requested spending to be considered without raising a point of order for exceeding budget limits in the Senate.<sup>13</sup>

**Possible Additional Supplemental Appropriations.** Supplemental appropriations bills frequently provide substantially more money than the White House requests, and bills sometimes become vehicles for significant legislative initiatives as well. The FY2007 supplemental, for example, H.R. 2206, P.L. 110-28, included substantial amounts for disaster relief, farm programs, low-income energy assistance, and the SCHIP children’s health insurance program. It also included a measure to increase the minimum wage.

It was widely expected that the appropriations committee would include additional “emergency” funds for Hurricane Katrina recovery and for other purposes in any FY2008 supplemental appropriations bill for the war. With the prospect that the war supplemental would be delayed until January or later, however, appropriators decided not to wait to address hurricane recovery and other issues, and instead provided funding for several non-defense programs in the second FY2008 continuing resolution (CR).

<sup>11</sup> The “emergency” language is requested as a general provision in OMB’s February budget appendix, and the President’s cover letter conveying the October 22 request designates all of the requested funds as emergency appropriations.

<sup>12</sup> Section 206(a)(6)(A) requires that emergency funding must be  
“(i) necessary, essential, or vital (not merely useful or beneficial);  
“(ii) sudden, quickly coming into being, and not building up over time;  
“(iii) an urgent, pressing, and compelling need requiring immediate action;  
“(iv) ... unforeseen, unpredictable, and unanticipated; and  
“(v) not permanent, temporary in nature.”

<sup>13</sup> Moreover, an “emergency” designation by the President is no longer required. The President was, in the past, required to agree with Congress to designate funds as “emergency” appropriations in order to avoid triggering an automatic cut in spending if outlays exceeded statutory limits. But legislative caps on spending expired after FY2002.

**Congressional Action on Supplemental Appropriations to Date.** The second CR, which funds activities of the government from November 17 through December 14, 2007, was attached to the FY2008 defense appropriations bill, H.R. 3222, P.L. 110-116, which the President signed into law on November 13. The continuing resolution includes \$2.9 billion in additional funds for veterans health programs, \$3 billion in community development funds for Louisiana to help residents return to their homes, \$2.9 billion for the Federal Emergency Management Agency Disaster Relief Fund, and \$500 million for wildfire management.

As noted above, Congress has also already provided \$16.8 billion for MRAPs. The FY2008 continuing resolution, H.J. Res. 52, P.L. 110-92, that was signed into law on September 29, provides \$5.2 billion for production and deployment of Mine Resistant Ambush Protected (MRAP) vehicles for the Army and Marine Corps. This is almost all of the amount that was requested in the Administration's July 31 budget amendment. The FY2008 defense appropriations bill, H.R. 3222, P.L. 110-116, that was signed into law on includes \$11.6 billion for MRAPs, all designated as emergency appropriations.

## **Highlights of the FY2008 Defense Supplemental Request**

The \$189.3 billion requested for military operations in FY2008 continues a trend of perennially larger and larger amounts of money being provided to the Defense Department through supplemental appropriations that are over and above also-increasing "base" budgets for defense. In all, supplemental appropriations for DOD, together with war-related "bridge" funds provided as separate titles of regular annual defense appropriations bills since FY2005, have grown from \$62.6 billion in FY2003, the year of the Iraq invasion, to \$101.9 billion in FY2005, to \$124.0 billion in FY2006, to \$171.3 billion in FY2007, and now still higher (see **Table 3**).

**Table 3. Regular and Supplemental/Bridge Appropriations for the Department of Defense, FY2000 to FY2008**

(budget authority in millions of dollars)

	Total DOD Appropriations	Regular Appropriations	Supplemental/ Bridge Appropriations
FY2000	290,339	281,785	8,554
FY2001	318,678	299,320	19,358
FY2002	344,904	328,668	16,236
FY2003	437,714	375,133	62,581
FY2004	447,933	378,406	69,527
FY2005	506,864	404,945	101,919
FY2006	593,780	469,753	124,027
FY2007	608,252	430,600	171,289
FY2008 (request)	672,289	482,973	189,316

**Source:** CRS from Office of Management and Budget and House and Senate Appropriations Committee data.

## Why War-Related Supplemental Requests Have Grown<sup>14</sup>

The increases in funding for the war cannot be attributed to the pace of military operations. Though the number of troops deployed in Iraq and Afghanistan has fluctuated over time, and there has been a “surge” of troops into Iraq in recent months, overall troop levels have remained relatively stable. Instead, the increases are due in large part to the growth of investments to repair or replace equipment lost or worn out in military operations and also to upgrade equipment across the entire force.

As **Table 4** shows, the largest increases in funding have been for weapons procurement, which has grown from about \$19 billion in FY2005 to a requested \$64 billion in the amended FY2008 request. Operation and maintenance funding has grown also, much of that to repair equipment. And there have been increases, as well, in funding to train and equip Afghan and Iraqi military forces. Supplements have also been used to finance costs of reorganizing the Army into a modular, brigade-centered force and to pay for initial costs of increasing the Army and Marine Corps by 92,000 troops by 2011.

**Table 4. War-Related Supplemental Appropriations/  
Bridge Funds by Account, FY2005-FY2008**  
(amounts in millions of dollars)

	Enacted FY2005	Enacted FY2006	Enacted FY2007	Amended Request FY2008
Military Personnel	18,696.7	16,423.3	17,746.1	17,770.7
Operation and Maintenance	46,520.9	59,230.0	72,257.7	80,892.8
Procurement	18,762.6	20,373.8	42,025.5	64,040.8
Research and Development	587.3	125.2	635.8	2,590.6
Military Construction	1,128.1	214.8	1,670.2	1,863.5
IFF/JIEDDO	3,800.0	3,318.1	4,759.1	4,477.0
Defense Health Program	893.6	1,153.6	2,091.2	1,023.8
Iraq and Afghan Security Forces	6,985.0	4,915.1	12,948.7	5,700.0
Working Capital Fund	3,021.7	3,033.1	1,120.5	1,681.4
<b>Subtotal</b>	<b>100,395.8</b>	<b>108,787.0</b>	<b>155,254.8</b>	<b>180,040.6</b>
Non-DoD Classified/Other Emergency	492.4	5,740.3	14,244.8	9,275.6
<b>Total</b>	<b>100,888.3</b>	<b>114,527.3</b>	<b>169,499.6</b>	<b>189,316.3</b>

**Sources:** FY2007 and FY2008 from Department of Defense, *FY2008 Global War on Terror Amendment*, October 2007; FY2006 from Department of Defense, *FY2007 Emergency Supplemental Request for the Global War on Terror*, February 2007; FY2005 CRS from House and Senate Appropriations Committee data.

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<sup>14</sup> For a much more extensive discussion of trends in supplemental appropriations, see CRS Report RL33110, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, by Amy Belasco, particularly the section entitled “Trends in War Funding.” Also see CRS Report RL33999, *Defense: FY2008 Authorization and Appropriations*, by Pat Towell, Stephen Daggett, and Amy Belasco, particularly the section entitled “Issues in the FY2008 Global War on Terror Request.”

**Table 5** shows the trend in funding according to functional categories that the Defense Department has used. DOD's functional breakdown shows large increases in funding for force protection and smaller increases in support to foreign security forces. The largest increases, however, have been for what the Defense Department refers to as "reconstitution."

**Table 5. War-Related Supplemental Appropriations/  
Bridge Funds by Functional Category, FY2006-FY2008**  
(amounts in millions of dollars)

	Enacted FY2006	Enacted FY2007	Amended Request FY2008
<b>Continuing the Fight</b>			
Operations (Includes Plus-Up)	67,158.0	76,148.4	76,868.7
Force Protection	5,358.5	13,349.8	30,461.0
IED Defeat	3,318.1	4,400.0	4,269.0
Military Intelligence Program	1,499.7	3,443.7	3,706.0
Iraq Security Forces	3,007.0	5,542.9	3,000.0
Afghan Security Forces	1,908.0	7,406.4	2,700.0
Coalition Support	1,200.0	1,422.2	1,700.0
CERP	923.0	956.4	1,219.4
Military Construction	214.8	940.0	1,694.5
Factory Restart	--	50.0	100.0
Provincial Reconstruction Teams	5,000.0	100.0	--
<b>Reconstituting the Force</b>			
Reconstitution	19,199.8	36,349.1	46,366.8
<b>Enhancing Ground Forces</b>			
BCTs / RCT	--	3,647.1	1,557.2
Grow the Force	--	1,498.8	--
Restore the Force	--	--	5,403.9
Strengthening the Army Guard and Reserve	--	--	994.2
<b>Non-DOD Classified &amp; Additional Requests</b>	5,740.3	14,244.8	9,275.6
<b>Total</b>	<b>114,527.2</b>	<b>169,499.6</b>	<b>189,316.3</b>

**Sources:** FY2007 and FY2008 from Department of Defense, *FY2008 Global War on Terror Amendment*, October 2007; FY2006 from Department of Defense, *FY2007 Emergency Supplemental Request for the Global War on Terror*, February 2007.

Traditionally, the term "reconstitution" has been used to refer to repairing and replacing equipment lost or worn out in combat in order to restore the force to approximately its pre-war condition. Secretary of Defense Rumsfeld, however, preferred to use the term "reset" to describe what was needed. To reset the force meant to return the force, not to its prewar condition, but to the condition that it would have been in had planned changes in the force been carried on in the absence of a conflict. The intent was not to add to funding requirements, but to refine and perhaps reduce them. Secretary Rumsfeld argued, for example, that there was not necessarily a need to restore stocks of Army prepositioned equipment to prewar levels because plans to reduce overseas deployments might reduce prepositioning requirements. Early in the war, the Defense Department did not support Army

requests for funding to reconstitute the force in because of debates over what was needed, and Congress insisted on adding funds for new equipment.

Now, however, the Defense Department has resumed using the term “reconstitution,” but the concept appears to encompass much more than just restoring the force. Instead, it appears to include substantial upgrades to the force, especially for the Army and Marine Corps. The upgrades include measures to fix preexisting shortfalls in some kinds of equipment, to add substantially to transportation and communications equipment in combat units to reflect lessons about the way units have operated in the war, to more fully equip later deploying units with the same equipment used in the theater in order to improve training, and to more fully equip Guard and reserve units that, in the past, were outfitted with older equipment retired from the active duty force, but that have now become part of the rotation base for overseas operations and, so are seen to need newer weapons and support systems. Taken together, these steps to upgrade the force explain much of the increase in spending.

Congress has generally supported steps to upgrade ground forces, in particular, though legislators have questioned some of the requested increases in equipment funding. In action on the FY2007 war supplemental, for example, several legislators raised questions about the rationale for an Air Force request for two F-35 Joint Strike Fighters, on which production is just beginning, to replace F-15 and F-16 aircraft lost in combat operations, and a Navy request for one V-22 tilt rotor aircraft to replace lost helicopters. In the end, the Administration withdrew those requests in a budget amendment that realigned funding to reflect costs of the troop surge.<sup>15</sup>

## **Selected Elements of the Amended Defense Request**

Funding for MRAPs is the largest single item in the amended defense request, and Congress has already responded by providing virtually all of the money requested. A few other elements of the amended request stand out.

- Costs of the troop surge: The October 22 budget amendment includes \$6.3 billion to cover costs of maintaining five additional Army brigade combat teams (BCTs) and one Marine regimental combat team (RCT) in Iraq through December 2007 and then returning to pre-surge levels. The budget assumes that the additional units will be withdrawn beginning in January and that the force will be reduced to the pre-surge level of 15 brigades by July.
- Other Iraq- and Afghanistan-related increases: The October 22 budget amendment includes \$1 billion in additional money for Iraqi security forces and \$100 million to expand a program to reopen factories in Iraq. It also includes \$242 million for the Commanders

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<sup>15</sup> See Office of Management and Budget, “FY2007 Supplemental Revisions: Department of Defense (Global War on Terror),” March 9, 2007. The amendment is available on line at [[http://www.whitehouse.gov/omb/budget/amendments/amendment\\_3\\_9\\_07.pdf](http://www.whitehouse.gov/omb/budget/amendments/amendment_3_9_07.pdf)].

Emergency Response Program<sup>16</sup> for Afghanistan. And it includes \$956 million, in addition to \$739 million requested in February, to construct facilities and roads in Iraq and Afghanistan.

- Additional funds for reconstitution: Aside from MRAPs, the largest element of the October budget amendment is an addition \$8.8 billion to the \$37.6 billion requested in February to repair, replace, and replenish equipment and supplies. The budget amendment includes \$1 billion to improve Navy P-3 aircraft radar detection equipment and smaller amounts for a wide range of other programs.
- Restock inventories of equipment in non-deploying units: Under the title “Restore the Force,” in addition to funds for reconstitution, the October budget amendment includes \$5.4 billion to restock equipment inventories of combat support and combat service support (CS/CSS) units that have had equipment taken away in order to equip deployed and next-to-deploy combat and support units. Defense Department officials have said that is only part of the amount needed to make up shortfalls of inventories due to cross-leveling of equipment as units have prepared to deploy.<sup>17</sup>
- Other requests: The budget amendment includes \$2.5 billion for a variety of other initiatives. These include \$762 million for fuel price increases; \$416 million to accelerate the date for completing construction of facilities to replace the Walter Reed Army hospital from May 2011 to October 2010; \$504 million for to improve other Army medical facilities and services; and about \$800 million for soldier and family support programs, including programs to support soldiers returning from combat tours.

## **International Affairs Supplemental**

On February 6, 2007, the Administration sent to Congress its regular FY2008 budget that included \$35.1 billion for international affairs. At the same time, the President sent Congress an FY2008 supplemental emergency request of \$3.301 billion for international affairs. On October 22, 2007, the Administration amended its supplemental request with \$3.596 billion in additional spending. The total FY2008 emergency supplemental request for international affairs spending amounts to \$6.897 billion. While the largest portion of the total request is for State Department operations and foreign assistance in Iraq and Afghanistan, it also includes sizeable requests for programs in Mexico, the West Bank and Gaza, North Korea, Sudan, and Pakistan.

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<sup>16</sup> CERP allows field commanders to provide money for relatively small, local development projects.

<sup>17</sup> Source: Oral communication from Department of Defense Comptroller official, October 23, 2007.

The State Department estimates supplemental funding needs of \$3.220 billion for Diplomatic and Consular Programs (DCP) in Iraq and Afghanistan, Worldwide Security Upgrades in Afghanistan, staff housing in Afghanistan, Contributions to International Organizations, and Contributions to International Peacekeeping Activities (CIPA) for Darfur. Two-thirds (\$2.1 billion) of the State Department request is for Diplomatic and Consular Program funding for Iraq Operations. Foreign Operations comprise \$3.678 billion, including \$350 million for P.L. 480 food assistance. Nearly half of the total foreign operations package is allocated for assistance in Iraq and Afghanistan.

The Bush Administration has increasingly requested supplemental funds for international affairs budgets. There has been some criticism that the Administration has relied too heavily on supplementals, and that some items, particularly relating to Iraq and Afghanistan, should be incorporated into the regular appropriations cycle. The Administration counters that given the nature of rapidly changing overseas events and unforeseen emergencies, it is necessary to make supplemental requests for what it claims are unexpected and non-recurring expenses.

## **State Department Operations<sup>18</sup>**

In February 2007, the original FY2008 State Department portion of the emergency supplemental request consisted of \$1.882 billion for Diplomatic and Consular Programs, all for operations in Iraq, and \$53 million for Contributions to International Organizations (CIO). The Administration amended this supplemental, adding nearly \$1.3 billion: \$401.4 million for Diplomatic and Consular Programs (DCP), \$160 million for Embassy Security, Construction, and Maintenance (ESCM), and \$723.6 million for Contributions for International Peacekeeping Activities (CIPA). Total emergency funds requested for FY2008 for the State Department's Administration of Foreign Affairs equal \$3.220 billion in addition to the regular budget request of \$7.317 billion for the Administration of Foreign Affairs. (**See Table 6 below.**)

Currently, the Mission in Iraq consists of more than 1,000 direct-hire Americans representing 12 government agencies.<sup>19</sup> For the Diplomatic and Consular Programs account, the Department is requesting a total of \$2.283 billion, of which \$2.121 billion is for emergency needs in Iraq. In addition, \$402.6 million of carryover funds are available, for a total of \$2.523 billion for Iraq operations. Of this sum, \$978.7 million would pay for security needs, such as local guards (\$151.6 million), compound guards (\$164.0 million), regional security (\$167.3 million), personal security details (\$301.4 million), armored vehicles (\$41.2 million). Another \$907.1 million would go toward Provincial Reconstruction Teams (PRTs), paying salaries (\$187.6 million), operations (\$63.8 million), living accommodations and medical support (\$72.1 million), information technology (\$60.3 million), vehicles (\$3.3 million), security (\$516.8 million) and leases of space in Baghdad (\$3.2 million).

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<sup>18</sup> Prepared by Susan B. Epstein, Specialist in Foreign Policy.

<sup>19</sup> For more information, see CRS Report RS21867, *U.S. Embassy in Iraq*.

The Administration is also seeking \$162.4 million for worldwide security upgrades in Afghanistan. Of this amount, \$80 million would pay for securing facilities, including overhead (roof) protection; \$38 million would be for high threat protection teams and support for the election process; \$36.5 million would fund unbudgeted security costs for other agencies, and \$7.9 million would buy fully-armored vehicles for the embassy and PRTs. Other expenses covered by the FY2008 emergency supplemental request for the Department of State include \$160 million for U.S. staff housing in Afghanistan under the Embassy Security, Construction, and Maintenance account, \$53 million for U.S. assessments for U.N. missions in Iraq (UNAMI) and Afghanistan (UNAMA), and \$723.6 million for U.S. Contributions for International Peacekeeping activities in Darfur.

**Table 6. FY2008 Emergency Supplemental State Department Request**  
(millions of dollars)

Activity	Regular Request FY2008	Original FY2008 Supp Request	Amended FY2008 Supp Request	Total FY2008 Supp Request
<b>Total for Administration of Foreign Affairs</b>	<b>7,317.1*</b>	<b>1,934.6</b>	<b>1,285.0</b>	<b>3,219.6</b>
Diplomatic & Consular Programs Iraq Operations Worldwide Security Upgrades	4,942.7 — (964.8)	1,881.6 (1,881.6) —	401.4 (239.0) (162.4)	<b>2,283.0</b> <b>(2,120.6)</b> <b>(162.4)</b>
Embassy Security, Construction & Maintenance	1,599.4**	—	160.0	<b>160.0</b>
Contributions to International Organizations	1,354.4	53.0	—	<b>53.0</b>
Contributions to International Peacekeeping	1,107.0	—	723.6	<b>723.6</b>
<b>Total</b>	<b>9,003.5</b>	<b>1,934.6</b>	<b>1,285.0</b>	<b>3,219.6</b>

**Notes:**

\* includes other funds not listed in this table.

\*\*includes worldwide security upgrade funds for embassies.

## Foreign Operations<sup>20</sup>

The Foreign Operations portion, totaling \$3.678 billion, of the supplemental request was sent to Congress in two tranches. A \$1.367 billion request accompanied the President's budget on February 6, 2007. An amended request for \$2.311 billion, including P.L. 480 food aid, was sent to Congress on October 22<sup>nd</sup>. Approximately one-third of the request is made up of \$2.217 billion in Economic Support Funds (ESF) for Iraq (\$797 million), Afghanistan (\$834 million), West Bank and Gaza

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<sup>20</sup> Prepared by Connie Veillette, Specialist in Foreign Assistance.

(\$350 million), North Korea (\$106 million), Sudan (\$70 million) and Pakistan (\$60 million).

**Table 7. FY2008 Foreign Operations Supplemental Request**  
(millions of dollars)

Country/Account	FY2008 Original Request	FY2008 Amended Request	Total FY2008 Supp Request
<b>Afghanistan</b>			<b>855.0</b>
ESF	339.0	495.0	834.0
NADR	0.0	5.0	5.0
USAID Operating Expenses	16.0	0.0	16.0
<b>Iraq</b>			<b>1,276.8</b>
ESF	772.0	25.0	797.0
INCLE	159.0	0.0	159.0
IDFA	0.0	80.0	80.0
MRA	35.0	160.0	195.0
USAID Operating Expenses	45.8	0.0	45.8
<b>Mexico-Central America Initiative</b>	0.0	550.0	<b>550.0</b>
INCLE			550.0
<b>West Bank/Gaza</b>			<b>410.0</b>
INCLE	0.0	25.0	25.0
MRA	0.0	35.0	35.0
ESF	0.0	350.0	350.0
<b>Pakistan</b>			<b>60.0</b>
ESF	0.0	60.0	60.0
<b>North Korea</b>			<b>106.0</b>
ESF	0.0	106.0	106.0
<b>Sudan</b>			<b>145.0</b>
ESF	0.0	70.0	70.0
PL480	0.0	75.0	75.0
<b>Horn of Africa/Kenya</b>			<b>110.0</b>
PL480	0.0	110.0	110.0
<b>Southern Africa</b>			<b>135.0</b>
PL480	0.0	135.0	135.0
<b>PL480 – Unallocated</b>	0.0	30.0	<b>30.0</b>
<b>Total</b>	<b>1,366.8</b>	<b>2,311.0</b>	<b>3,677.8</b>

**Note:** Figures do not include State Department Operations.

**Acronyms:** ESF-Economic Support Fund; INCLE-International Narcotics Control and Law Enforcement; IDFA-International Disaster and Famine Assistance; MRA-Migration and Refugee Assistance; NADR-Nonproliferation, Anti-Terrorism, Demining, and Related Programs; and PL480-Food for Peace.

Anti-narcotics emergency supplemental funding for FY2008 totals \$734 million, the largest portion allocated for Mexico and Central America (\$550 million). Migration and Refugee Assistance (MRA) totals \$230 million, mainly for Iraqi and Palestinian refugees. International Disaster and Famine Assistance (IDFA), totaling \$80 million, would fund programs in Iraq to assist internally displaced persons (IDPs) and their host communities. The request also includes \$5 million for the Afghanistan Presidential Protection Service from the Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) account. A \$350 million request for P.L. 480 food aid would support programs in the Horn of Africa, Kenya, Sudan, and a \$30 million contingency fund for possible needs elsewhere.

## **Iraq Reconstruction Assistance<sup>21</sup>**

To date, nearly \$42 billion in U.S. funds have been appropriated to support all facets of Iraq reconstruction. Almost all this funding has been appropriated in annual supplemental legislation. For FY2008, the Administration made no request for security assistance in its regular Defense budget proposal, but did ask for roughly \$392 million under State/Foreign Operations appropriations. Both House and Senate versions of H.R. 2764, the FY2008 State/Foreign Operations appropriations, rejected the Administration request for Iraq. Therefore, funding for Iraq reconstruction in FY2008 is expected to come entirely from a supplemental.

The Administration's FY2008 emergency supplemental appropriations request, revised on October 22<sup>nd</sup>, includes \$4.9 billion in funding for Iraq reconstruction. Reconstruction aid has two main components — security aid funded with DOD appropriations and political/economic/social sector assistance funded with State/Foreign Operations appropriations.

Discussed earlier in this report, the request for DOD reconstruction appropriations totals about \$3.7 billion. It would chiefly fund the training and equipping of Iraqi troops under the Iraq Security Forces Fund (ISFF) and reconstruction grants provided under the Commander's Emergency Response Program (CERP). The CERP allows military civil affairs officers to support a wide variety of economic activities at the local level, from renovating health clinics to digging wells to painting schools, provided in the form of small grants. CERP also funds some infrastructure efforts no longer supported with other U.S. assistance, such as repair or provision of electric generators and construction of sewer systems. Commanders identify needs and dispense aid with few bureaucratic encumbrances.

The recent budget revision added a \$100 million request to the Iraq Freedom Fund account for the Task Force to Improve Business and Stability Operations in Iraq. The Task Force, funded at \$50 million under the previous supplemental appropriations legislation, seeks to stimulate the economy and create employment for Iraqi citizens by rehabilitating some of the roughly 200 state-owned enterprises that composed a large portion of the Iraqi economy prior to the U.S. occupation. News

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<sup>21</sup> Prepared by Curt Tarnoff, Specialist in Foreign Affairs. For more detailed discussion of the U.S. program of assistance to Iraq, see CRS Report RL31833, *Iraq: Reconstruction Assistance*.

reports have suggested some difficulty with the program, resulting from the lack of electricity, the insecure environment, and a lack of enthusiasm from U.S. companies that had been expected to invest in the facilities, among other reasons.<sup>22</sup>

Under the State/Foreign Operations appropriations budget, the FY2008 emergency supplemental request totals \$1.2 billion — \$797 million in the Economic Support Fund (ESF), \$159 million in the International Narcotics and Law Enforcement (INCLE), and \$195 million in the Migration and Refugee Assistance (MRA), and \$80 million in the International Disaster and Famine Assistance (IDFA) accounts. ESF funds are the main spigot of assistance provided by the Provincial Reconstruction Teams (PRTs), which have grown under the surge to more than 25, including 15 newly established PRTs embedded with U.S. combat battalions and concentrated mostly in Baghdad and Anbar province. The PRTs are intended to help stabilize areas secured by U.S. and Iraqi forces. PRTs are expected to help stabilize an area by supporting local small-scale, employment-generating, economic projects, using ESF-funded community development grants, job training and micro-loan programs, among other activities. PRTs also utilize ESF to increase the capacities of local government officials to spend Iraqi-owned capital funds allocated by the Iraqi government for infrastructure programs. At the national level, ESF supports Ministerial capacity development, agriculture and private sector reform, and the strengthening of democratization efforts.

The recent budget revision added another \$25 million to the ESF supplemental request and offers proposed authorization language to allow the Administration to establish a new Iraq enterprise fund based on the model in east Europe and the former Soviet Union. Enterprise funds are U.S. government-funded private sector-run bodies that primarily provide loans or equity investments to small and medium business. In the former communist countries, they also took other steps to encourage growth of the private sector, including support for mortgage lending markets and establishment of private equity funds. The most successful example, the Polish Fund, made many profitable investments, helping companies grow that otherwise were unable to obtain financial support in the period just after the fall of communism. Some of the Funds, however, have been much less successful, either by taking on poor investment risks, or unable to locate promising businesses because of the poor business climate or competition from other private sector funding sources. Some observers question the usefulness of the funds because their ostensible development purpose seems often to conflict with pressures for economic profit.

The INCLE account largely supports rule of law and corrections programs. The Administration request is expected to fund prison construction, something that Congress has sometimes cut from previous requests. The request is also intended to extend judicial reform and anti-corruption efforts to the provinces. The MRA request would address the continuing refugee crisis in the region; an estimated 2.0 million Iraqis have fled the country and another 2.2 million have been displaced due to sectarian violence and instability. The IDFA program would provide medical care, food, shelter and other relief to refugees and displaced people.

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<sup>22</sup> “U.S. Falters in Bid to Boost Iraqi Business,” *Washington Post*, August 24, 2007; “In Iraq, One Man’s Mission Impossible,” *CNN Money.com*, September 4, 2007.

FY2008 emergency funds are also requested for operational costs (not included in the reconstruction aid total or in **Table 8**) for staffing and administering reconstruction programs: \$679 million for PRT and \$45.8 million for USAID operations.

**Table 8. FY2008 Emergency Supplemental Appropriations for Iraq Reconstruction**  
(millions of dollars)

<b>International Affairs (Budget Function 150 Accounts)</b>	
	<b>Administration Request</b>
Economic Support Fund (ESF):	\$797.0 million
International Narcotics Control and Law Enforcement (INCLE)	\$159 million
Migration and Refugee Assistance (MRA)	\$195 million
International Disaster and Famine Assistance (IDFA)	\$80.0 million
<b>TOTAL 150 Account</b>	<b>\$1,231.0 million</b>
 <b>Department of Defense (Budget Function 050 Accounts) *</b>	
Iraq Security Forces Fund (ISFF)	\$3,000 million
Commander's Emergency Response Program (CERP)	\$609.7 million**
Iraq Freedom Fund (for Task Force to Improve Business)	\$100.0 million
<b>TOTAL 050 Account</b>	<b>\$3,709.7 million</b>
<b>GRAND TOTAL, 150 &amp; 050</b>	<b>\$4,940.7 million***</b>

**Sources:** Department of State and Department of Defense FY2008 Congressional Budget Justifications.

**Notes**

\* Department of Defense program funding is also discussed in the parts of this report that address the DOD supplemental request and amounts are shown in other tables there.

\*\* The total CERP request of \$1,219.4 million is for both Iraq and Afghanistan. The amount included here assumes that half will be used in Iraq.

\*\*\* Not included are \$45.8 million in USAID operational expenses (OE) for Iraq programs and \$679 million for PRT OE.

## Afghanistan<sup>23</sup>

**Background.** Afghanistan's political transition was completed with the convening of a parliament in December 2005, but in 2006 insurgent threats to Afghanistan's government escalated to the point that some experts began questioning the success of U.S. stabilization efforts. In the political process, a new constitution was adopted in January 2004, successful presidential elections were held on October 9, 2004, and parliamentary elections took place on September 18, 2005. The parliament has become an arena for factions that have fought each other for nearly three decades to debate and peacefully resolve differences. Afghan citizens have

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<sup>23</sup> Prepared by Rhoda Margesson, Specialist in International Humanitarian Assistance, and Kenneth Katzman, Specialist in Middle Eastern Affairs.

started to enjoy new personal freedoms, particularly in the northern and western regions of the country, that were forbidden under the Taliban. Women are participating in economic and political life, including as ministers, provincial governors, and senior levels of the new parliament. The next elections are planned for 2009.

The insurgency led by remnants of the former Taliban regime escalated in 2006, after several years in which it appeared the Taliban was mostly defeated. U.S. and NATO commanders have had recent successes in counter insurgency operations, but the Taliban continues to present a considerable threat to peace and security in parts of Afghanistan. Slow reconstruction, official corruption, and the failure to extend Afghan government authority into rural areas and provinces, particularly in the south and east, have contributed to the Taliban resurgence. In recent months, political leadership in the more stable northern part of the country have registered concerns about distribution of reconstruction funding. In addition, narcotics trafficking is resisting counter-measures, and independent militias remain throughout the country, although many have been disarmed. Also, the Afghan government and U.S. officials have said that some Taliban commanders are operating from Pakistan, putting them outside the reach of U.S./NATO forces in Afghanistan. In 2007, the Administration unveiled a new initiative, Reconstruction Opportunity Zones (ROZ) in Afghanistan and border regions with Pakistan to stimulate economic activity in underdeveloped, isolated regions.

U.S. and partner stabilization measures focus on strengthening the central government and its security forces and on promoting reconstructing while combating the renewed insurgent challenge. As part of this effort, the international community has been running PRTs to secure reconstruction (Provincial Reconstruction Teams, PRTs). Despite these efforts, weak provincial governance is seen as a key obstacle to a democratic Afghanistan and continues to pose a threat to reconstruction and stabilization efforts.

**The FY2008 Original and Amended Supplemental Request.** The Administration requested a total of \$355 million in the FY2008 emergency supplemental funds for Afghanistan in February 2007 to meet a portion of the funding required at the time. These included ESF (\$339 million) and security requirements for USAID (\$16 million). The Administration amended the FY2008 supplemental request and included several provisions intended to continue U.S. efforts to stabilize Afghanistan and continue economic reconstruction efforts.<sup>24</sup>

Key elements of the FY2008 supplemental request are:

\$495 million in Economic Support Funds (ESF) – in addition to the \$339 million already requested – for democratic governance and reconstruction

<sup>24</sup> Funding figures obtained from the FY2008 Revised Emergency Proposal dated October 22, 2007; the proposed Budget for Fiscal Year 2008 (“Additional 2007 and 2008 Proposals”) submitted in February 2007; and the Supplemental Appropriations Justification Fiscal Year 2008 prepared by the Department of State and USAID.

efforts to continue security and development strategy, which would be allocated as follows:

- \$275 million would be used to strengthen provincial governance and responsiveness to the Afghan people. Funding would support a wide range of programs, preparation activities for the 2009 election and ongoing programs, such as the National Solidarity Program (\$40 million), the Afghanistan Reconstruction Fund (\$25 million), and the Provincial Governance Fund (\$50 million);
- \$50 million would be used as part of an effort to invest in basic social services, such as health and education, particularly in rural areas;
- \$170 million would be made available for economic growth and infrastructure, including the development of power sector projects (\$115 million); road projects (\$50 million) focused on those segments that are of strategic military importance and provide key connections between the central and provincial government capitals; and funding to support Reconstruction Opportunity Zones (\$5 million) in designated areas to reconnect economically isolated areas and create employment alternatives.

In addition to the ESF funding, the request includes:

- \$162.4 million to support Diplomatic and Consular Programs (DCP) in Afghanistan as part of a worldwide security upgrade in the Global War on Terror. Funding requested specifically for Afghanistan security operations (\$38 million); secure facilities (\$80 million); other agencies' unbudgeted security costs (\$36.5 million); and fully armored vehicles (\$7.9 million);
- \$160 million to support embassy security, construction and maintenance, mainly housing for U.S. mission staff in Afghanistan;
- \$5 million in Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) to support the Afghan leadership through the Presidential Protection Service;
- \$53 million for Contributions to International Organizations (CIO) to pay U.S. assessments toward the U.N. Assistance Mission in Afghanistan (UNAMA) and the U.N. Assistance Mission in Iraq (UNAMI), both of which are paid for out of the U.N. regular budget (and the United States' obligation is 22 percent); and
- \$16 million for FY2008 security requirements for U.S. Agency for International Development (USAID) operations in Afghanistan. This item was part of the FY2008 GWOT emergency supplemental request.

**Table 9. Afghanistan Aid**  
(millions of dollars)

Activity (appropriation account) <sup>a</sup>	Regular FY2008 budget Request	Original FY2008 Supp Request	Amended FY2008 Supp Request	Total FY2008 Supplemental Request
Infrastructure aid (ESF)	693.0	339.0	495.0	834.0
U.S. mission security (DCP)	—	—	162.4	162.4
U.S. Embassy Security, Construction, Maintenance	—	—	160.0	160.0
USAID mission security (OE)	—	16.0	—	16.0
Nonproliferation (NADR)	21.7	—	5.0	5.0
Narcotics/ Law Enforce. (INCLE)	274.8	—	—	—
Health (CSH)	65.9	—	—	—
Military Education (IMET)	1.7	—	—	—
<b>Total</b>	<b>989.5</b>	<b>355.0</b>	<b>822.4</b>	<b>1,177.4</b>

Source: FY2007 and FY2008 budget materials.

**Notes:** Data in this table reflect ongoing and FY2008 proposed funding for programs the same as or similar to those requested in the FY2007 supplemental. The **total** line does not represent total aid or mission operations for Afghanistan. Excluded from this table is proposed funding requested for FBI operations in Afghanistan. P.L. 480 - Title II emergency food aid funds are included in a total appropriation of \$200 million available for missions in Afghanistan and parts of Africa.

**Acronyms:** ESF - economic Support Fund, MRA-Migration and Refugee Assistance, DCP-Diplomatic and Consular Programs, OE-operating expenses, NADR-Nonproliferation, Anti-terrorism, Demining, and Related Programs, and INCLE-International Narcotics Control and Law Enforcement, IDFA-International Disaster and Famine Assistance, CSH - Child Survival and Health, and IMET - International Military Education and Training.

## Pakistan

The Federally Administered Tribal Areas (FATA) are considered strategically important to combating terrorism while continued terrorist and militant activities in the frontier region remain a threat to U.S interests in Afghanistan. The Government of Pakistan has developed a FATA Sustainable Development Plan to be implemented over 10 years. In support of this plan, the State Department and the U.S. Agency for International Development (USAID) have put forward a five-year \$750 million development assistance strategy for the frontier region (a pledge of \$150 million per year) that complements the Government of Pakistan's plan.<sup>25</sup> The Frontier Strategy objectives are to improve economic and social conditions in the Federally Administered Tribal Areas in order to address the region's use by terrorists and militants. Programs will include governance, health and education services, and

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<sup>25</sup> For more detail on Pakistan, see CRS Report RL33498, *Pakistan-U.S. Relations*.

economic development, such as agricultural productivity, infrastructure rehabilitation, credit, and vocational training.

On November 4, 2007, President Musharraf imposed emergency rule and suspended Pakistan's constitution. In light of these events, the Administration announced a review of U.S. assistance. Some Members of Congress have called for suspending parts of the aid program pending the restoration of democracy and the scheduling of elections.

**The FY2008 Original and Amended Supplemental Request.** The Administration did not request funding for Pakistan in its original FY2008 emergency supplemental request in February 2007. The FY2008 regular budget request asked for \$90 million for the frontier region development plan, which left a gap of \$60 million in the overall U.S. pledge of \$150 million. The FY2008 additional supplemental request for \$60 million in Economic Support Fund (ESF) would address this funding gap and meet the full pledge as follows: Investment in governance and planning (\$13 million); health and education programs (\$15 million); and local economic development (\$32 million). The \$60 million supplemental request is in addition to the \$785 million requested in the regular FY2008 budget from various accounts.

## Sudan — Darfur and Other Sudan<sup>26</sup>

The Administration seeks a total of \$868.6 million in supplemental funds for Sudan, most of which would be for humanitarian and peacekeeping support in the Darfur region. No funding was requested for Sudan in the original FY2008 emergency supplemental, but is scheduled to receive \$321 million in the regular FY2008 budget.

**Darfur Crisis.** The crisis in Darfur began in February 2003, when two rebel groups emerged to challenge the National Islamic Front (NIF) government in Darfur. The Sudan Liberation Army (SLA) and the Justice and Equality Movement (JEM) claim that the government of Sudan discriminates against Muslim African ethnic groups in Darfur and has systematically targeted these ethnic groups since the early 1990s. The conflict burgeoned when the government of Sudan and its allied militia began a campaign of terror against civilians in an effort to crush the rebellion and to punish the core constituencies of the rebels. The rebels have splintered into several more groups. Since 2003, an estimated 200,000 (some claim as high as 450,000) civilians have been killed, more than two million have been displaced, and more than half of the population has been affected directly and is dependent on international support. The atrocities against civilians continue in Darfur, according to U.N. reports, U.S. officials, and human rights groups.

Congress and the Bush Administration have called the atrocities genocide. The African Union Mission in Sudan (AMIS) deployed an estimated 7,700 peacekeeping troops, including military observers and civilian police. In August 2007, the U.N. Security Council voted to create a U.N. peacekeeping force of nearly 26,000 for

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<sup>26</sup> Prepared by Rhoda Margesson, Specialist in International Humanitarian Assistance

Darfur that could be deployed only with the Sudanese government's approval. African Union peacekeepers would be transferred to the U.N. force for a new U.N.-A.U. hybrid peacekeeping operation (UNAMID). Peace talks held in Libya in mid-October 2007 were boycotted by key rebel groups and prospects for peace negotiations remain uncertain.<sup>27</sup>

**FY2008 Additional Supplemental Request.** Major elements of the FY2008 additional supplemental include:

- \$70 million is requested in ESF funds for Sudan to support upcoming national elections that are to take place before July 2009, according to the 2005 Comprehensive Peace Agreement between north and south Sudan. Part of the effort will focus on strengthening political parties, drafting the electoral law, supporting an electoral commission, promoting civic education, and supporting election-related institutions and processes. The United Nations estimates that the elections could cost nearly \$400 million because of the logistical hurdles in conducting elections in a post-conflict environment.
- \$75 million for additional food assistance (P.L. 480, Title II) in the Darfur region of Sudan and those displaced in Eastern Chad;
- \$723.6 million in support of UNAMID. The U.N. assessment for the Darfur peacekeeping force is estimated to be \$3.4 billion in 2008. (The U.S. share will be approximately \$884 million.) The President has already requested \$391.1 million for the existing U.N. mission in Sudan (UNMIS), but based on the 2007-2008 U.N. peacekeeping budget, the U.S. share will be \$280 million in FY2008. This leaves approximately \$160 million for UNAMID, which represents a shortfall of \$724 million.

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<sup>27</sup> For more detail on Sudan, see CRS Report RL33574, *Sudan: The Crisis in Darfur and Status of the North-South Peace Agreement*.

**Table 10. Sudan Supplemental**  
(millions of dollars)

Activity (appropriation account) <sup>a</sup>	FY2008 Regular Request	FY2008 Original Supp Request	FY2008 Amended Supp Request	FY2008 Supp Request Total
PL480, Title II food aid	—	—	75.0	75.0
AMIS (PKO)	41.4	—	—	—
U.N. peacekeeping mission/Darfur (CIPA)	—	—	723.6	723.6
Economic Support Fund (ESF)	245.9	—	70.0	70.0
Foreign Military Financing (FMF)	0.1	—	—	—
Military Education/Training (IMET)	0.3	—	—	—
Narcotics Control/Law Enforcement (INCLE)	24.0	—	—	—
Nonprolif./Anti-terrorism/Demining	4.0	—	—	—
<b>Total</b>	<b>\$315.7</b>	<b>\$0.0</b>	<b>\$868.6</b>	<b>\$868.6</b>

**Sources:** FY2007 and FY2008 budget materials. As part of the FY2007 supplemental request, the Administration requested transfer authority from CIPA to PKO.

**Notes:** Data in this table reflect ongoing funding for programs similar to those requested in the FY2006 and FY2007 supplementals. The **Total** line does not represent total aid or mission operations for Sudan. FY2007 ERMA funds include a total appropriation of \$30 million available for places such as Somalia, Chad, West Bank/Gaza, Iraq and Sri Lanka. The funds could also support planning for Darfur refugee flows to Chad. PKO funds include an additional appropriation of \$128 million to support anticipated peacekeeping in Africa, including Darfur. IDFA-International Disaster and Famine Assistance, MRA-Migration and Refugee Assistance, AMIS-African Union Mission, PKO-Peacekeeping Operations, CIPA-Contributions to International Peacekeeping Activities, DCP-Diplomatic and Consular Programs, ESF-Economic Support Fund.

## Mexico and Central America<sup>28</sup>

The supplemental request includes \$550 million to meet the first installment of a reportedly \$1 billion-plus anti-narcotics package for the Mexico and Central America Security Initiative. Composed entirely of funds from the International Narcotics Control and Law Enforcement Account (INCLE), the initiative is to address criminal gang and drug trafficking activities and to support improved justice systems and rule of law programs. Mexico would see \$500 million of the initial package for border security technology and transport for law enforcement and to improve judicial and prison systems. Countries in Central America would receive \$50 million to improve border security, deter the smuggling of drugs, arms, and persons, and improve the justice sector and gang prevention programs. Regular

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<sup>28</sup> Prepared by Connie Veillette, Specialist in Foreign Assistance. For more information, see CRS Report RL34215, *Mexico's Drug Cartels*, and CRS Report RL32724 *Mexico-U.S. Relations: Issues for Congress*.

funding for Mexico totaled \$65.4 million in FY2007 and a requested \$45.1 million in FY2008. The countries of Central America received \$134.8 million in FY2007 and are proposed to receive \$146.5 million in FY2008.

## **West Bank and Gaza<sup>29</sup>**

The request includes \$375 million to support the Palestinian Authority (PA) government. The focus is on rule of law, economic growth, and governance issues. The supplemental request is in addition to \$77 million requested in the regular FY2008 budget and comes after a new PA government was formed without Hamas control. Consisting largely of ESF funds, \$40 million is to address governance issues, \$20 million would improve health care services, \$130 million is to support job creation, infrastructure, trade and investment, and agriculture programs, and \$150 million would consist of budget support in the form of a cash transfer. An additional \$25 million in INCLE funds would be used to train and equip the Presidential Guards and National Security Force, and \$35 million in MRA funds would be for Palestinian refugees in the West Bank and Gaza and in refugee camps in Lebanon.

## **North Korea<sup>30</sup>**

The Administration proposes \$106 million in ESF funds for North Korea as a result of commitments made as part of the Six Party Talks. In February 2007, North Korea agreed to shut down and eventually abandon the Yongbyon nuclear facility, to allow International Atomic Energy Agency monitors back in the country and to disable all existing nuclear facilities. In return, the United States and other Six Party Talks members (South Korea, China, Russia and Japan) agreed to provide 1 million metric tons of Heavy Fuel Oil, or the equivalent in other assistance, as North Korea meets its commitments. The U.S. share is one-quarter of the 1 million metric tons, or equivalent assistance. The total cost for the U.S. commitment is \$131 million. The President authorized \$25 million in FY2007 supplemental funds, leaving \$106 million that would be provided with the FY2008 supplemental funding.

## **Other Humanitarian Assistance<sup>31</sup>**

Although proposed aid packages for specific countries anticipate and identify some humanitarian needs, the Administration also seeks funding for what it claims are unmet or unforeseen humanitarian assistance. Total funding is provided by account with details on countries and activities:

- \$350 million in additional P.L. 480 - Title II assistance to meet emergency food needs in the Darfur region of Sudan (\$75 million) and elsewhere worldwide, including places such as southern Africa

<sup>29</sup> For more information, see CRS Report RL34074 The Palestinian Territories: Background and U.S. Relations, and CRS Report RS22370 U.S. Foreign Assistance to the Palestinians.

<sup>30</sup> For more information, see CRS Report 33590 North Korea's Nuclear Weapons Development and Diplomacy.

<sup>31</sup> Prepared by Rhoda Margesson, Specialist in International Humanitarian Assistance.

(\$135 million), and the Horn of Africa and Kenya (\$110 million); contingency funding (\$30 million) is requested for possible needs elsewhere, including West Bank/Gaza and South Asia. No funding was requested in the earlier version of the FY2008 Emergency Supplemental request;

- \$80 million for International Disaster and Famine Assistance (IDFA) to support humanitarian assistance to internally displaced populations in Iraq and their host communities. No funding was requested in the earlier version of the FY2008 Emergency Supplemental;
- \$230 million for Migration and Refugee Assistance (MRA) for anticipated and unanticipated refugee and migration emergencies. \$195 million is requested for humanitarian assistance to Iraqi refugees. (This is an increase of \$160 million for Iraqi refugees as \$35 million was requested in the earlier version of the FY2008 Emergency Supplemental.) In addition, \$35 million is requested for the emergency needs of Palestinian refugees in Gaza and West Bank, and for Palestinian refugee camps in Lebanon.

## Appendix A: Congressional Action on FY2008 International Affairs Emergency Request

**Table A1: FY2008 Supplemental Request, State Department and Foreign Operations**  
 (millions of dollars)

Account	FY2008 Base Request*	FY2008 Original Supplemental Request	FY2008 Amended Supplemental Request	FY2008 Total Supplemental Request	FY2008 Supplemental House	FY2008 Supplemental Senate	FY2008 Supplemental Conference
<b>State Department</b>							
Diplomatic & Consular Programs	4,942.7	1,881.6	401.4	2,283.0			
Embassy Security, Construction, Maintenance	792.5	—	160.0	160.0			
Contributions to International Organizations	1,354.4	53.0	—	53.0			
Contributions to International Peacekeeping	1,107.0	—	723.6	723.6			
<b>Total, State Department</b>	<b>8,196.6</b>	<b>1,934.6</b>	<b>1,285.0</b>	<b>3,219.6</b>			
<b>Foreign Operations</b>							
Economic Support Fund	3,319.6	1,111.0	1,106.0	2,217.0			
International Narcotics Control/Law Enforce.	634.6	159.0	575.0	734.0			
Nonproliferation, Anti-Terrorism, Demining	464.0	—	5.0	5.0			
Migration and Refugee Assistance	773.5	35.0	195.0	230.0			
International Disaster & Famine Relief	297.3	—	80.0	80.0			
USAID Operating Expenses	609.0	61.8	—	61.8			
<b>P.L. 480 Food Aid</b>	<b>1,319.4</b>	<b>—</b>	<b>350.0</b>	<b>350.0</b>			
<b>Total, Foreign Operations</b>	<b>7,417.4</b>	<b>1,366.8</b>	<b>2,311.0</b>	<b>3,677.8</b>			
<b>Total, State and Foreign Operations</b>	<b>10,835.4</b>	<b>3,301.4</b>	<b>3,596.0</b>	<b>6,897.4</b>			

\* FY2008 Base Request as shown in this table does not include all accounts in the State Department, Foreign Operations, and Related Programs appropriations bills. Accounts listed above are only those for which supplemental funds are requested.